

Introduced by Senator Cogdill

February 25, 2009

An act to add Division 26.7 (commencing with Section 79700) to the Water Code, relating to financing a water supply reliability and water source protection program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 371, as introduced, Cogdill. Safe, Clean, Reliable Drinking Water Supply Act of 2009.

Under existing law, various measures have been approved by the voters to provide funds for water protection, facilities, and programs.

This bill would enact the Safe, Clean, Reliable Drinking Water Supply Act of 2009 which, if approved by the voters, would authorize, for the purposes of financing specified water supply reliability and water source protection programs, the issuance of bonds in the amount of \$9,980,000,000 pursuant to the State General Obligation Bond Law. The bill would provide for the submission of the bond act to the voters at the next statewide election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 26.7 (commencing with Section 79700) is added to the Water Code, to read:

DIVISION 26.7. THE SAFE, CLEAN, RELIABLE DRINKING
WATER SUPPLY ACT OF 2009

CHAPTER 1. SHORT TITLE

79700. This division shall be known and may be cited as the Safe, Clean, Reliable Drinking Water Supply Act of 2009.

CHAPTER 2. FINDINGS AND DECLARATIONS

79701. The people of California find and declare all of the following:

(a) Safeguarding supplies of clean, safe drinking water to California's homes, businesses, and farms is an essential responsibility of government, and critical to protecting the quality of life for Californians.

(b) Every Californian should have access to clean, safe, reliable drinking water.

(c) Providing adequate supplies of clean, safe drinking water is vital to keeping California's economy growing and strong.

(d) Encouraging water conservation and recycling are commonsense methods to make more efficient use of existing water supplies.

(e) Protecting lakes, rivers, and streams from pollution, cleaning up polluted groundwater supplies, and protecting water sources that supply the entire state are crucial to providing a reliable supply of drinking water and protecting the natural resources of California.

CHAPTER 3. DEFINITIONS

79702. Unless the context otherwise requires, the definitions set forth in this section govern the construction of this division, as follows:

1 (a) “Bay Delta Conservation Plan” means the final plan prepared
2 pursuant to the Planning Agreement regarding the Bay Delta
3 Conservation Plan, dated October 6, 2006.

4 (b) “Bay-Delta Estuary” means the Delta, Suisun Bay, and
5 Suisun Marsh.

6 (c) “CALFED Bay-Delta Program” means the program
7 described in the Record of Decision dated August 28, 2000.

8 (d) “Committee” means the Safe, Clean, Reliable Drinking
9 Water Supply Finance Committee created by Section 79784.

10 (e) “Delta” means the Sacramento-San Joaquin Delta as defined
11 in Section 12220.

12 (f) “Delta conveyance facilities” means facilities that convey
13 water directly from the Sacramento River to the State Water Project
14 or the federal Central Valley Project pumping facilities in the south
15 Delta.

16 (g) “Department” means the Department of Water Resources.

17 (h) “Director” means the Director of Water Resources.

18 (i) “Disadvantaged community” has the meaning set forth in
19 subdivision (a) of Section 79505.5.

20 (j) “Economically distressed area” means a municipality with
21 a population of 20,000 persons or less, a rural county, or a
22 reasonably isolated and divisible segment of a larger municipality
23 where the segment of the population is 20,000 persons or less,
24 with a financial hardship, as determined by the department after
25 considering factors including, but not limited to, median income
26 of the residents, rate of unemployment, and low population density.

27 (k) “Fund” means the Safe, Clean, Reliable Drinking Water
28 Supply Fund of 2009 created by Section 79720.

29 (l) “Integrated regional water management plan” means a
30 comprehensive plan for a defined geographic area, the specific
31 development and content of which shall be defined by guidelines
32 adopted by the department. At a minimum, an integrated regional
33 water management plan describes the major water-related
34 objectives and conflicts within a region, considers a broad variety
35 of water management strategies, and identifies the appropriate
36 combination of water demand and supply management alternatives,
37 water quality protections, and environmental stewardship actions
38 to provide long-term, reliable, and high-quality water supplies and
39 to protect the environment.

(m) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c) (3) of Title 26 of the United States Internal Revenue Code.

(n) “Public agency” means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(o) “Secretary” means the Secretary of the Resources Agency.

(p) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

CHAPTER 4. GENERAL PROVISIONS

79710. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

79710.5. Up to 10 percent of funds allocated for each program funded by this division may be used for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring shall be integrated into the surface water ambient monitoring program administered by the State Water Resources Control Board.

79711. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under Chapters 6, 7, 9, 10, 11, and 12 of this division.

79712. (a) Prior to disbursing grants pursuant to this division, each state agency that is required to administer a competitive grant program under this division shall develop project solicitation and evaluation guidelines. The guidelines may include a limitation on the dollar amount of grants to be awarded.

(b) Prior to disbursing grants, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines. The state agency shall publish the draft

1 solicitation and evaluation guidelines on its Internet Web site at
2 least 30 days before the public meetings. One meeting shall be
3 conducted at a location in northern California, one meeting shall
4 be conducted in the central valley, and one meeting shall be
5 conducted at a location in southern California. Upon adoption, the
6 state agency shall transmit copies of the guidelines to the fiscal
7 committees and the appropriate policy committees of the
8 Legislature.

9 79713. It is the intent of the people that the investment of public
10 funds pursuant to this division will result in public benefits.

11 79714. The State Auditor shall annually conduct a
12 programmatic review and an audit of expenditures from the fund.
13 The State Auditor shall report its findings annually on or before
14 March 1 to the Governor and the Legislature, and shall make the
15 findings available to the public.

16 79715. Funds provided by this division shall not be used to
17 support or pay for the costs of environmental mitigation measures
18 or compliance obligations of any party except as part of the
19 environmental mitigation costs of projects financed by this division.
20 Funds provided by this division may be used for environmental
21 enhancements or other public benefits.

22 79716. Funds provided by this division shall not be expended
23 to pay the costs of the design, construction, operation, or
24 maintenance of Delta conveyance facilities. Those costs shall be
25 the responsibility of the agencies that benefit from the design,
26 construction, operation, or maintenance of those facilities.

27 79717. Nothing in this division shall limit or otherwise affect
28 the application of Sections 10505, 10505.5, 11128, 11460, 11461,
29 11462, 11463 and Sections 12200 to 12220, inclusive.

30 79718. The Legislature may enact legislation necessary to
31 implement programs funded by this division.

32
33 CHAPTER 5. SAFE, CLEAN, RELIABLE DRINKING WATER SUPPLY
34 FUND OF 2009
35

36 79720. The proceeds of bonds issued and sold pursuant to this
37 division shall be deposited in the Safe, Clean, Reliable Drinking
38 Water Supply Fund of 2009, which is hereby created.

CHAPTER 6. WATER SUPPLY RELIABILITY

79721. The sum of one billion five hundred million dollars (\$1,500,000,000) shall be available, upon appropriation by the Legislature, from the fund to the department for grants and expenditures in accordance with Section 79722.

79722. (a) Except as provided in subdivision (g) or (h), the department shall award grants to eligible projects that are consistent with an adopted integrated regional water management plan.

(b) An urban water supplier that does not prepare, adopt, and submit its urban water management plan in accordance with the Urban Water Management Planning Act (Part 2.6 (commencing with Section 10610) of Division 6) is ineligible to receive funds made available pursuant to Section 79721 until the urban water management plan is prepared and submitted in accordance with the requirements of that act.

(c) The department shall require a local cost share of not less than 25 percent of the total costs of the projects. The department may waive or reduce the cost-sharing requirement for projects that directly benefit a disadvantaged community or an economically distressed area.

(d) Eligible projects include, but are not limited to, all of the following:

(1) Agricultural and urban water use efficiency implementation projects, including, but not limited to, feasibility studies, technical assistance, education, and public outreach, and projects that result in water savings, increased instream flow, improved water quality, or increased energy efficiency.

(2) Recycling, reclamation, water treatment for the recovery of water supplies, desalination, and associated facilities, including distributions systems.

(3) Groundwater and surface storage projects, and conjunctive use and reservoir reoperations projects.

(4) Groundwater contamination prevention, cleanup, and treatment, and other water quality projects necessary to protect existing or potential water supplies. The implementation of a project financed pursuant to this paragraph does not relieve a responsible party or liable person from that person's obligation under existing state or federal law to clean up or remediate, or otherwise treat, contaminated water.

(5) Projects that reduce contributions to climate change from water management systems.

(6) Projects that enhance the adaptability to climate change of water management systems.

(7) Other projects that meet the requirements of Section 75026 of the Public Resources Code.

(e) Eligible applicants are public agencies, public utilities, and mutual water companies. To be eligible for funding under Section 79721, a project proposed by a public utility that is regulated by the Public Utilities Commission or a project proposed by a mutual water company shall have a clear and definite public purpose and shall benefit the customers of the respective water system.

(f) The funding provided in Section 79721 shall be allocated to each hydrologic region as identified in the California Water Plan in accordance with this subdivision. For the South Coast hydrologic region, the department shall establish three funding areas that reflect the watersheds of San Diego County (designated as the San Diego subregion), the Santa Ana River watershed and southern Orange County (designated as the Santa Ana subregion), and the Los Angeles and Ventura County watersheds (designated as the Los Angeles subregion), and shall allocate funds to those areas in accordance with this subdivision. The North and South Lahontan hydrologic regions shall be treated as one area for the purpose of allocating funds. The department may recognize multiple integrated regional water management plans in each of the areas allocated funding. Funds made available by this chapter shall be allocated as follows:

(1) North Coast	\$70,000,000
(2) San Francisco Bay	\$150,000,000
(3) Central Coast	\$82,000,000
(4) Los Angeles subregion	\$210,000,000
(5) Santa Ana subregion	\$146,000,000
(6) San Diego subregion	\$108,000,000
(7) Sacramento River	\$103,000,000
(8) San Joaquin River	\$91,000,000
(9) Tulare/Kern	\$93,000,000
(10) North/South Lahontan	\$75,000,000
(11) Colorado River Basin	\$72,000,000
(12) Interregional	\$300,000,000

(g) Allocated funds shall be appropriated solely on a competitive basis for implementation of qualified plans and allowable projects within those plans based on the regional and local priorities for projects reflected in approved plans. Allocated funds shall not be appropriated for specified individual projects or for specified categories of projects.

(h) Interregional funds may be expended directly or granted by the department to address multiregional needs or state priorities, including, but not limited to, any of the following:

(1) Investing in new water technology development and deployment.

(2) Meeting state water recycling and water conservation goals.

(3) Adapting to climate change impacts.

(4) Reducing contributions to climate change.

(5) Other projects to improve statewide water management systems.

(6) Other projects and activities designed to meet the needs of disadvantaged communities or economically distressed areas, including technical and grant writing assistance.

(i) Fifty million dollars (\$50,000,000) of the interregional funds provided in paragraph (12) of subdivision (f) shall be expended for costs incurred in connection with the provision of recreation and fish and wildlife enhancement at state water projects. The funds shall be available to meet the cost associated with the planning, construction, operation, and maintenance for recreation and fish and wildlife enhancement.

79723. (a) The sum of five hundred million dollars (\$500,000,000) is available, upon appropriation by the Legislature, from the fund to the department for grants and expenditures for the planning, design, and construction of local and regional conveyance projects that support regional and interregional connectivity and water management. Projects shall be consistent with an adopted integrated regional water management plan and shall provide one or more of the following benefits:

(1) Improvements in regional or interregional water supply and water supply reliability.

(2) Mitigation of conditions of groundwater overdraft, saline water intrusion, water quality degradation, or subsidence.

(3) Adaptation to the impacts of hydrologic changes.

1 (4) Improved water security from drought, natural disasters, or
2 other events that could interrupt imported water supplies.

3 (5) Providing safe drinking water for disadvantaged communities
4 and economically distressed areas.

5 (b) Not more than 10 percent of the funds provided by this
6 section shall be available for planning, investigations, studies, and
7 monitoring.

8 (c) The department shall require a cost share of not less than 50
9 percent of total project costs from nonstate sources. The department
10 may waive or reduce the cost share requirement for projects that
11 directly benefit disadvantaged communities or economically
12 distressed areas.

13 79724. (a) The sum of one hundred twenty-five million dollars
14 (\$125,000,000) shall be available, upon appropriation by the
15 Legislature, from the fund to the department for grants and
16 expenditures for the planning, design, and construction of local
17 and regional drought relief projects that reduce the impacts of
18 drought conditions including the impacts of Delta diversion
19 reductions. Projects shall be consistent with an adopted integrated
20 regional water management plan and include all of the following:

21 (1) Water conservation and efficiency projects.

22 (2) Water recycling and related infrastructure.

23 (3) Stormwater capture.

24 (4) Groundwater cleanup.

25 (5) Local and regional conveyance projects that improve
26 connectivity and water management.

27 (6) Other local and regional water supply reliability projects.

28 (b) Projects shall meet the following conditions:

29 (1) The project shall provide a sustainable water supply that
30 does not increase groundwater overdraft.

31 (2) The project shall be capable of being operational within two
32 years of receiving the grant.

33 (c) Preference shall be given to applicants that can demonstrate
34 substantial past and current investments in conservation and local
35 water projects.

36 (d) Not more than 10 percent of the funds provided by this
37 section shall be available for planning, investigations, studies, and
38 monitoring.

39 (e) The department shall require a cost share of not less than 50
40 percent of total project costs from nonstate sources. The department

1 may waive or reduce the cost share requirement for projects that
2 directly benefit disadvantaged communities or economically
3 distressed areas.

4
5 CHAPTER 7. DELTA SUSTAINABILITY
6

7 79730. (a) The Bay-Delta Estuary is a unique and irreplaceable
8 combination of environmental and economic resources. Current
9 management and use of the Delta is not sustainable, and results in
10 a high level of conflict among various interests. Future Delta
11 sustainability is threatened by changing hydrology due to climate
12 change, water diversions, flood risk, seismic events, nonnative
13 species, toxics, and other environmental problems. Future
14 management of the Delta must improve Delta ecosystem health
15 and improve the means of Delta water conveyance in order to
16 protect drinking water quality, improve water supply and water
17 supply reliability, restore ecosystem health, and preserve
18 agricultural and recreational values in the Delta, while providing
19 to counties and watersheds of origin assurances that their priority
20 to water resources will be protected and that programs or facilities
21 implemented or constructed in the Delta will not result in
22 redirection of unmitigated, significant adverse impacts to the
23 counties and watershed of origin. Many sources of funding will
24 be needed to implement improved Delta management.

25 (b) This chapter provides state funding for public benefits
26 associated with projects needed to assist in the Delta's
27 sustainability as a vital resource for fish, wildlife, water quality,
28 water supply, agriculture, and recreation.

29 (c) In implementing this chapter, the Resources Agency or
30 another agency as may be designated by statute, taking into
31 consideration the recommendations of the Blue Ribbon Task Force
32 established by Executive Order S-17-06 and the Bay Delta
33 Conservation Plan, shall develop and implement, in cooperation
34 with the department, the Department of Fish and Game, and the
35 State Water Resources Control Board, a comprehensive Delta
36 sustainability program that includes both ecosystem and water
37 conveyance improvements, and that meets all of the following
38 criteria:

39 (1) Reduces impacts to native fish caused by the operation of
40 the export pumps and improves the operational flexibility and

1 ability of the State Water Project and the Central Valley Project
2 to provide the ecosystem and water supply benefits described by
3 this subdivision.

4 (2) Provides conditions that will allow for habitat improvements
5 for fish and wildlife in the Delta, the recovery of listed species,
6 and sustainable ecosystem functions.

7 (3) Provides improved water supply reliability and conveyance
8 for the State Water Project and the Central Valley Project and for
9 water transfers.

10 (4) Reduces the quantity of bromide, total organic carbon, and
11 total dissolved solids in the water pumped at state and federal water
12 pumping facilities to protect the public health and improves the
13 ability to manage salinity.

14 (5) Reduces vulnerability to seismic events in or near the Delta
15 and provides flexibility to manage uncertainties associated with
16 climate change and future fishery needs.

17 (6) Promotes ecosystem restoration of the Delta.

18 (7) Facilitates wet year water storage for use in dry years.

19 (d) The Legislature may only amend or repeal this section by a
20 statute that is passed in each house by rollcall vote entered into
21 the journal, two-thirds of the membership concurring.

22 79731. The sum of one billion nine hundred million dollars
23 (\$1,900,000,000) is available upon appropriation by the Legislature
24 from the fund for grants and direct expenditure, as follows:

25 (a) Seven hundred million dollars (\$700,000,000) for projects
26 that provide public benefits and support Delta sustainability
27 options, including projects that do any of the following:

28 (1) Ensure that urban and agricultural water supplies derived
29 from the Delta, including water supplies used within the Delta, are
30 not disrupted because of catastrophic failures of Delta levees
31 resulting from earthquakes, floods, land sinking, rising ocean
32 levels, or other forces.

33 (2) Improve the quality of drinking water derived from the Delta.

34 (3) Provide physical improvements or other actions to create
35 waterflow and water quality conditions within the Delta to provide
36 adequate habitat for native fish and wildlife.

37 (4) Ensure that other projects pursuant to this subdivision protect
38 related transportation and other vital infrastructure in and around
39 the Delta.

(5) Facilitate other projects that provide public benefits and support Delta sustainability options approved by the Legislature, including costs associated with planning, monitoring, and design of alternatives, and project modifications and adaptations necessary to achieve the goals of this chapter.

(b) One billion two hundred million dollars (\$1,200,000,000) for projects to protect and enhance the sustainability of the Delta ecosystem, including any of the following:

(1) Projects for the development and implementation of the Bay Delta Conservation Plan that promote the conservation, as that term is defined in Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code, of covered species, and for native fishery restoration projects that are consistent with the findings of the Blue Ribbon Task Force established by Executive Order S-17-06. The projects shall be implemented through a cooperative effort among regulatory agencies, regulated and potentially regulated entities, and affected parties, including state and federal water contractors. These funds may be expended for the preparation of environmental documentation and environmental compliance.

(2) Other projects to protect and restore native fish and wildlife dependent on the Delta ecosystem, including the acquisition of water rights and the removal or reduction of undesirable invasive species.

(3) Projects to reduce greenhouse gas emissions from exposed Delta soils.

79732. The expenditure of any portion of the funds provided pursuant to this chapter is contingent on the adoption and implementation of a comprehensive plan for Delta sustainability to implement the program described in subdivision (c) of Section 79730.

79733. The secretary shall adopt the plan described in Section 79732 and submit it to the Legislature. By April 1 of each year following the submission of the plan, the secretary shall evaluate the progress in implementing the plan, determine if adequate progress is being made, and submit those findings to the Legislature along with recommendations to improve the implementation of the plan.

CHAPTER 8. STATEWIDE WATER SYSTEM OPERATIONAL
IMPROVEMENT

79740. (a) For purposes of this chapter, “commission” means the California Water Commission established in Article 2 (commencing with Section 150) of Chapter 2 of Division 1.

(b) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(c) Notwithstanding Section 13340 of the Government Code, the sum of three billion dollars (\$3,000,000,000) is hereby continuously appropriated from the fund to the commission, without regard to fiscal year, for public benefits associated with water storage projects that improve the operation of the state water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions, in accordance with this chapter. Funds authorized for, or made available to, the commission pursuant to this chapter shall be available and used only for the purposes provided in this chapter, and shall not be subject to appropriation or transfer by the Legislature or the Governor for any other purpose.

(d) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(e) Any project constructed with funds provided by this chapter shall be subject to Section 11590.

79741. Projects for which the public benefits are eligible for funding under this chapter consist of any of the following:

(a) Surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000.

1 (b) Groundwater storage projects and groundwater
2 contamination prevention or remediation projects that provide
3 water storage benefits.

4 (c) Conjunctive use and reservoir reoperation projects.

5 (d) Regional and local surface storage projects that improve the
6 operation of water systems in the state and provide public benefits.

7 79741.5. A project shall not be funded pursuant to this chapter
8 unless it provides measurable improvements to the Delta ecosystem
9 or the tributaries to the Delta.

10 79742. (a) Funds allocated pursuant to this chapter may be
11 expended solely for the following public benefits associated with
12 water storage projects:

13 (1) Ecosystem improvements, including changing the timing of
14 water diversions, improvement in flow conditions, temperature,
15 or other benefits that contribute to restoration of aquatic ecosystems
16 and native fish and wildlife, including those ecosystems and fish
17 and wildlife in the Delta.

18 (2) Water quality improvements in the Delta, or in other river
19 systems, that provide significant public trust resources, or that
20 clean up and restore groundwater resources.

21 (3) Flood control benefits, including, but not limited to, increases
22 in flood reservation space in existing reservoirs by exchange for
23 existing or increased water storage capacity in response to the
24 effects of changing hydrology and decreasing snow pack on
25 California's water and flood management system.

26 (4) Emergency response, including securing emergency water
27 supplies and flows for dilution and salinity repulsion following a
28 natural disaster or act of terrorism.

29 (5) Recreational purposes, including, but not limited to, those
30 recreational pursuits generally associated with the out-of-doors.

31 (b) For the purposes of this chapter, "public benefits" does not
32 include the costs of environmental mitigation measures or
33 compliance obligations established prior to the enactment of this
34 division under state or federal law.

35 79743. In consultation with the Department of Fish and Game,
36 the State Water Resources Control Board, and the department, the
37 commission shall develop and adopt, by regulation, methods for
38 quantification and management of public benefits described under
39 Section 79742 by December 15, 2010. The regulations shall include
40 the priorities and relative environmental value of ecosystem

benefits as provided by the Department of Fish and Game and the priorities and relative environmental value of water quality benefits as provided by the State Water Resources Control Board.

79744. (a) Except as provided under subdivision (c), no funds allocated pursuant to this chapter may be allocated for a project before December 15, 2010, and until the commission approves the project based on the commission's determination that all of the following have occurred:

(1) The commission has adopted the regulations specified in Section 79743 and specifically quantified and made public the cost of the public benefits associated with the project.

(2) The department has entered into a contract with each party who will derive benefits, other than public benefits as defined in Section 79742, from the project that ensures the party will pay its share of the total costs of the project. The benefits available to a party shall be consistent with that party's share of total project costs.

(3) The department has entered into a contract with each public agency identified in Section 79743 that administers the public benefits, after that agency makes a finding that the public benefits of the project for which that agency is responsible meet all the requirements of this chapter, to assure that the public contribution of funds pursuant to this chapter achieves the public benefits identified for the project.

(4) The commission has held a public hearing for the purposes of providing an opportunity for the public to review and comment on the information required to be prepared pursuant to this subdivision.

(5) All of the following additional conditions are met:

(A) Feasibility studies have been completed.

(B) The director has found and determined that the project is feasible, is consistent with all applicable laws and regulations, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Bay-Delta system.

(C) All environmental documentation associated with the project has been completed, and all other federal, state, and local approvals, certifications, and agreements required to be completed have been obtained.

(b) The commission shall submit to the Legislature its findings for each of the criteria listed in subdivision (a) for a project funded pursuant to this chapter.

(c) Notwithstanding subdivision (a), funds may be made available under this chapter for the completion of environmental documentation and permitting of a project.

79745. (a) The state's cost share of a project funded pursuant to this chapter shall not exceed 50 percent of the total costs of any project funded under this chapter.

(b) A project shall not be funded unless it provides ecosystem improvements as described in paragraph (1) of subdivision (a) of Section 79742 that are at least 50 percent of the total public benefits of the project funded under this chapter.

79746. (a) A project identified in subdivision (a) of Section 79741 is not eligible for funding under this chapter unless, by January 1, 2014, all of the following conditions are met:

(1) All feasibility studies are complete and draft environmental documentation is available for public review.

(2) The director makes a finding that the project is feasible, and will advance the long-term objectives of restoring ecological health and improving water management for beneficial uses of the Bay-Delta system.

(3) The director receives commitments for not less than 75 percent of the nonpublic benefit cost share of the project.

(b) If compliance with subdivision (a) is delayed by litigation or failure to promulgate regulations, the date in subdivision (a) shall be extended by the director for a time period that is equal to the time period of the delay.

79747. Surface storage projects funded pursuant to this chapter and described in subdivision (a) of Section 79741 may be made a unit of the Central Valley Project as provided in Section 11290 and may be financed, acquired, constructed, operated, and maintained pursuant to Part 3 (commencing with Section 11100) of Division 6.

CHAPTER 9. CONSERVATION AND WATERSHED PROTECTION

79750. The sum of one billion dollars (\$1,000,000,000) is available, upon appropriation by the Legislature from the fund, in accordance with this chapter, for expenditures and grants for

ecosystem and watershed protection and restoration projects, including, but not limited to, all of the following watersheds:

- (a) The San Joaquin River watershed.
- (b) The Kern River and Tulare Basin watersheds.
- (c) The Salton Sea and Colorado River watersheds.
- (d) The Los Angeles River watershed.
- (e) The San Gabriel River watershed.
- (f) The Santa Ana River watershed.
- (g) The Klamath River watershed, including the Trinity, Scott, and Shasta Rivers and watersheds.
- (h) North coast watersheds.
- (i) San Francisco Bay watersheds.
- (j) Central coast watersheds.
- (k) South coast watersheds.
- (l) Lake Tahoe Basin watershed.
- (m) The Sacramento River watershed, including the Yolo Bypass.
- (n) San Diego County coastal watersheds.
- (o) The Ventura River watershed.
- (p) The Sierra Nevada Mountain watersheds.
- (q) The Mojave River watershed.
- (r) The Owens River watershed.
- (s) The Santa Monica Bay watershed.

79751. (a) Funds provided for the Sacramento River and San Joaquin River watersheds under Section 79750 shall be available for projects consistent with the ecosystem restoration program element of the California Bay-Delta Program, or its successor, or the San Joaquin River Parkway Master Plan.

(b) Funds provided for Salton Sea watershed projects under Section 79750 shall be available for Salton Sea restoration activities identified for “Period I” in the Resources Agency report entitled “Salton Sea Ecosystem Restoration Program Preferred Alternative Report and Funding Plan,” dated May 2007.

(c) Funds provided for the Lake Tahoe Basin watershed under Section 79750 shall be available for projects consistent with the Lake Tahoe Environmental Improvement Program.

(d) Funds provided for the Los Angeles River and San Gabriel River watersheds under Section 79750 shall be available pursuant to Section 79508, and for projects identified in the Los Angeles River Revitalization Master Plan.

1 79752. (a) The sum of eighty-five million dollars
2 (\$85,000,000) is available, upon appropriation by the Legislature
3 from the fund, to the Department of Fish and Game for
4 expenditures and grants to protect the Delta ecosystem and the
5 state's water supply from invasive species, including, but not
6 limited to, Asiatic clams, zebra mussels, quagga mussels, and New
7 Zealand mud snails.

8 (b) At least fifty million dollars (\$50,000,000) of the funds
9 provided pursuant to subdivision (a) shall be available for grants
10 to public agencies, including water agencies, to pay for capital
11 expenditures associated with the control of invasive species,
12 including, but not limited to, chlorination facilities, habitat
13 modifications, and monitoring equipment. The Department of Fish
14 and Game shall administer the grant program.

15 (c) The Legislature, by statute, shall establish requirements for
16 both of the following:

17 (1) Repayment of grant funds made available pursuant to this
18 section in the event of cost recovery from parties responsible for
19 the introduction of invasive species that affect the Delta ecosystem
20 and the state's water supply.

21 (2) Recipients of grants to make reasonable efforts to recover
22 costs from parties described in paragraph (1).

23 79753. For restoration and ecosystem protection projects under
24 this chapter, the services of the California Conservation Corps or
25 community conservation corps shall be used whenever feasible.

26 79754. Funds provided under this chapter may be appropriated
27 to the Resources Agency, the Department of Fish and Game, the
28 Wildlife Conservation Board, the California Conservation Corps,
29 the Department of Parks and Recreation, or to state conservancies
30 for expenditures and grants consistent with this chapter and other
31 applicable laws.

32 79755. Of the funds made available pursuant to Section 79750,
33 not less than two hundred million dollars (\$200,000,000) shall be
34 available to the State Coastal Conservancy for projects within
35 coastal counties and coastal watersheds, including grants to the
36 San Diego River Conservancy and for the Santa Ana River
37 Parkway.

38 79756. Of the funds provided in Section 79750, not less than
39 one hundred million dollars (\$100,000,000) shall be available to
40 the Wildlife Conservation Board for direct expenditure or grants

1 for the acquisition of water rights from willing sellers and the
2 conveyance of water for the benefit of migratory birds on wildlife
3 refuges and wildlife habitat areas subject to Section 3406(d) of the
4 federal Central Valley Project Improvement Act (Public Law
5 102-575), provided that the acquisition of water rights by the
6 Wildlife Conservation Board is consistent with that federal act.
7 All costs associated with the acquisition of water rights by the
8 Wildlife Conservation Board for the purposes set forth under this
9 section shall be paid for out of the funds designated for the Wildlife
10 Conservation Board.

11 79757. Of the funds provided in Section 79750, not less than
12 two hundred million dollars (\$200,000,000) shall be available to
13 the Wildlife Conservation Board for direct expenditure or grants
14 for the protection or restoration of watershed lands that provide
15 sources of drinking water or rivers and streams that support species
16 listed as threatened or endangered under state or federal law.

17 79758. The sum of one hundred million dollars (\$100,000,000)
18 is available, upon appropriation by the Legislature from the fund,
19 to the Wildlife Conservation Board, in consultation with the
20 Department of Forestry and Fire Protection, for grants and direct
21 expenditures for watershed restoration in fire damaged areas, and
22 for fuel load reduction and other projects to reduce the potential
23 for watershed damage from wildfires to protect water quality, fish,
24 and wildlife.

25 79759. The sum of one hundred fifty million dollars
26 (\$150,000,000) is available, upon appropriation by the Legislature
27 from the fund, to the Department of Fish and Game and the State
28 Coastal Conservancy for grants and expenditures for projects that
29 improve fish passage on rivers and streams, including barrier
30 removal, sediment management, and related watershed restoration.

31 79760. The sum of fifty million dollars (\$50,000,000) is
32 available, upon appropriation by the Legislature from the fund, to
33 the Resources Agency for projects that improve salmonid fish
34 passage in the Sacramento River watershed.

35 79761. For the purposes of this chapter, the terms “restoration”
36 and “protection” have the meanings set forth in Section 75005 of
37 the Public Resources Code.

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- (b) Projects shall be prioritized based upon the following criteria:
 - (1) The threat posed by groundwater contamination to the affected community's overall drinking water supplies, including the need for treatment of alternative supplies if groundwater is not available due to contamination.
 - (2) The potential for groundwater contamination to spread and reduce drinking water supply and water storage for nearby population areas.
 - (3) The potential of the project, if fully implemented, to enhance local water supply reliability.
 - (4) The potential of the project to increase opportunities for groundwater recharge and optimization of groundwater supplies.
- (c) The department shall give additional consideration to projects that meet any of the following criteria:
 - (1) The project is implemented pursuant to a comprehensive basinwide groundwater quality management and remediation plan or is necessary to develop a comprehensive groundwater plan.
 - (2) Affected groundwater provides a local supply that, if contaminated and not remediated, will require import of additional water from outside the region.
 - (3) The project will serve an economically disadvantaged community or an economically distressed area.
 - (4) The project addresses contamination at a site where the responsible parties have not been identified, or where the responsible parties are unwilling or unable to pay for cleanup.

1 (d) Of the amount made available by subdivision (a), not less
2 than one hundred million dollars (\$100,000,000) shall be allocated
3 to projects that benefit disadvantaged communities and
4 economically distressed areas, including technical and grant writing
5 assistance.

6 (e) Of the amount made available by subdivision (a), up to one
7 hundred million dollars (\$100,000,000) shall be available for
8 projects that meet the requirement of this section and both of the
9 following criteria:

10 (1) The project is part of a basinwide management and
11 remediation plan for which federal funds have been allocated.

12 (2) The project addresses contamination at a site on the list
13 maintained by the Department of Toxic Substances Control
14 pursuant to Section 25356 of the Health and Safety Code or a site
15 listed on the National Priorities List pursuant to the Comprehensive
16 Environmental Response, Compensation, and Liability Act of 1980
17 (42 U.S.C. Sec. 9601 et seq.).

18 (f) The Legislature, by statute, shall establish both of the
19 following:

20 (1) Requirements for repayment of grant funds in the event of
21 cost recovery from parties responsible for the groundwater
22 contamination.

23 (2) Requirements for recipients of grants to make reasonable
24 efforts to recover costs from parties responsible for groundwater
25 contamination.

26 79776. The sum of ninety million dollars (\$90,000,000) is
27 available, upon appropriation by the Legislature from the fund, to
28 the State Department of Public Health for grants and expenditures
29 to finance emergency and urgent actions on behalf of disadvantaged
30 communities to ensure that safe drinking water supplies are
31 available to all Californians.

32 79777. The sum of two hundred million dollars (\$200,000,000)
33 is available, upon appropriation by the Legislature from the fund,
34 to the State Water Resources Control Board for grants for small
35 community wastewater treatment projects to protect water quality
36 that meet all of the following criteria:

37 (a) The project is for the planning, design, permitting,
38 construction, or improvement of a wastewater treatment facility,
39 sewer system, or related infrastructure necessary to meet water

1 quality standards or prevent contamination of surface water or
2 groundwater resources.

3 (b) The project will serve a community with a population of
4 20,000 or less.

5 (c) The project meets other standards that may be established
6 by the State Water Resources Control Board with respect to the
7 design, construction, financing, and operation of the project.

8 79778. (a) The sum of three hundred million dollars
9 (\$300,000,000) is available, upon appropriation by the Legislature
10 from the fund, to the State Water Resources Control Board for
11 competitive grants and loans for stormwater management and
12 water quality projects pursuant to this section.

13 (b) Eligible projects shall assist in compliance with total
14 maximum daily load (TMDL) implementation plans and be
15 consistent with all applicable waste discharge permits.

16 (c) Eligible projects include facilities and infrastructure to
17 reduce, manage, and treat stormwater runoff, including, but not
18 limited to, all of the following:

19 (1) Detention and retention basins.

20 (2) Dry weather diversion facilities, trash filters, and screens.

21 (3) Treatment wetlands creation and enhancement.

22 (4) Stormwater runoff reduction projects, including permeable
23 surface installation, cisterns, and collection and treatment facilities
24 for groundwater recharge.

25 (5) Other stormwater management infrastructure for low-impact
26 development.

27 (d) The board shall require not less than a 50 percent local cost
28 share for grant funds, but may suspend or reduce the matching
29 requirements for disadvantaged communities and economically
30 distressed areas.

31 (e) The board shall award grants on a competitive basis,
32 considering the following criteria:

33 (1) Water quality benefits of the project, including the project's
34 ability to reduce impairment of the receiving water body.

35 (2) Cost effectiveness.

36 (3) Public health benefits of the project.

37 (f) Eligible recipients shall include local public agencies and
38 joint powers authorities.

39 79779. The sum of one hundred million dollars (\$100,000,000)
40 is available, upon appropriation by the Legislature from the fund,

1 to the Ocean Protection Fund (Chapter 4 (commencing with Section
2 35650) of Division 26.5 of the Public Resources Code) and
3 available for the purposes of projects consistent with Section 35650
4 of the Public Resources Code.

5
6 CHAPTER 11. WATER RECYCLING AND ADVANCED TREATMENT
7 TECHNOLOGIES
8

9 79780. (a) The sum of five hundred million dollars
10 (\$500,000,000) is available, upon appropriation by the Legislature
11 from the fund, for grants and loans for water recycling and
12 advanced treatment technology projects that include all of the
13 following:

- 14 (1) Water recycling projects.
15 (2) Contaminant and salt removal projects, including
16 groundwater and seawater desalination.
17 (3) Dedicated distribution infrastructure for recycled water,
18 including commercial and industrial end user retrofit projects to
19 allow use of recycled water.
20 (4) Pilot projects for new salt contaminant removal technology.
21 (5) Groundwater recharge infrastructure related to recycled
22 water.
23 (6) Technical assistance and grant writing assistance for
24 disadvantaged communities and economically distressed areas.
25 (b) Grants or loans shall require not less than a 50 percent cost
26 share, but matching requirements may be suspended or reduced
27 for disadvantaged communities and economically distressed areas.
28 Projects shall be selected on a competitive basis, considering all
29 of the following criteria:
30 (1) Water supply reliability improvement.
31 (2) Water quality and ecosystem benefits related to decreased
32 reliance on diversions from the Delta or instream flows.
33 (3) Public health benefits from improved drinking water quality.
34 (4) Cost-effectiveness.
35 (5) Energy efficiency and greenhouse gas emission impacts.
36 (c) Eligible applicants under this chapter are public agencies,
37 public utilities, and mutual water companies. To be eligible for
38 funding under this chapter, a project proposed by a public utility
39 that is regulated by the Public Utilities Commission and a project
40 proposed by a mutual water company shall have a clear and definite

1 public purpose and shall benefit the customers of the respective
2 water systems.

3
4 CHAPTER 12. STATE OF CALIFORNIA WATER USE EFFICIENCY
5 PROGRAM
6

7 79781. The sum of twenty million dollars (\$20,000,000) shall
8 be available, upon appropriation by the Legislature from the fund,
9 to state agencies and departments for direct expenditures to fund
10 water savings projects that conserve and use water more efficiently,
11 thus resulting in savings to the taxpayer, reducing energy costs,
12 and using water more efficiently at state buildings, facilities, and
13 grounds.

14
15 CHAPTER 13. FISCAL PROVISIONS
16

17 79782. (a) Bonds in the total amount of nine billion nine
18 hundred eighty million dollars (\$9,980,000,000), not including the
19 amount of any refunding bonds issued in accordance with Section
20 79794, or so much thereof as is necessary, may be issued and sold
21 to provide a fund to be used for carrying out the purposes expressed
22 in this division and to reimburse the General Obligation Bond
23 Expense Revolving Fund pursuant to Section 16724.5 of the
24 Government Code. The bonds, when sold, shall be and constitute
25 valid and binding obligations of the State of California, and the
26 full faith and credit of the State of California is hereby pledged
27 for the punctual payment of both the principal of, and interest on,
28 the bonds as the principal and interest become due and payable.

29 (b) The Treasurer shall sell the bonds authorized by the
30 committee pursuant to this section. The bonds shall be sold upon
31 the terms and conditions specified in a resolution to be adopted
32 by the committee pursuant to Section 16731 of the Government
33 Code.

34 79783. The bonds authorized by this division shall be prepared,
35 executed, issued, sold, paid, and redeemed as provided in the State
36 General Obligation Bond Law, and all of the provisions of that
37 law apply to the bonds and to this division and are hereby
38 incorporated in this division as though set forth in full in this
39 division, except Section 16727 of the Government Code shall not

1 apply to the extent that it is inconsistent with any other provision
2 of this division.

3 79784. (a) Solely for the purpose of authorizing the issuance
4 and sale, pursuant to the State General Obligation Bond Law, of
5 the bonds authorized by this division, the Safe, Clean, Reliable
6 Drinking Water Supply Finance Committee is hereby created. For
7 purposes of this division, the Safe Drinking Water Finance
8 Committee is “the committee” as that term is used in the State
9 General Obligation Bond Law.

10 (b) The committee consists of the Director of Finance, the
11 Treasurer, the Controller, the Director of Water Resources, and
12 the Secretary for the Resources Agency. Notwithstanding any other
13 provision of law, any member may designate a deputy to act as
14 that member in his or her place for all purposes, as though the
15 member were personally present.

16 (c) The Treasurer shall serve as chairperson of the committee.

17 (d) A majority of the members of the committee shall constitute
18 a quorum of the committee, and may act for the committee.

19 79785. The committee shall determine whether or not it is
20 necessary or desirable to issue bonds authorized pursuant to this
21 division to carry out the actions specified in this division and, if
22 so, the amount of bonds to be issued and sold. Successive issues
23 of bonds may be authorized and sold to carry out those actions
24 progressively, and it is not necessary that all of the bonds
25 authorized to be issued be sold at any one time.

26 79786. “Board,” as defined in Section 16722 of the Government
27 Code for the purposes of compliance with the State General
28 Obligation Bond Law, means the department.

29 79787. There shall be collected each year and in the same
30 manner and at the same time as other state revenue is collected,
31 in addition to the ordinary revenues of the state, a sum in an amount
32 required to pay the principal of, and interest on, the bonds each
33 year, and it is the duty of all officers charged by law with any duty
34 in regard to the collection of the revenue to do and perform each
35 and every act which is necessary to collect that additional sum.

36 79788. Notwithstanding Section 13340 of the Government
37 Code, there is hereby appropriated from the General Fund in the
38 State Treasury, for the purposes of this division, an amount that
39 will equal the total of the following:

1 (a) The sum annually necessary to pay the principal of, and
2 interest on, bonds issued and sold pursuant to this division, as the
3 principal and interest become due and payable.

4 (b) The sum that is necessary to carry out the provisions of
5 Section 79789, appropriated without regard to fiscal years.

6 79789. The board may request the Pooled Money Investment
7 Board to make a loan from the Pooled Money Investment Account
8 in accordance with Section 16312 of the Government Code for the
9 purpose of carrying out this division. The amount of the request
10 shall not exceed the amount of the unsold bonds that the committee
11 has, by resolution, authorized to be sold for the purpose of carrying
12 out this division. The board shall execute those documents required
13 by the Pooled Money Investment Board to obtain and repay the
14 loan. Any amounts loaned shall be deposited in the fund to be
15 allocated in accordance with this division.

16 79790. Notwithstanding any other provision of this division,
17 or of the State General Obligation Bond Law, if the Treasurer sells
18 bonds that include a bond counsel opinion to the effect that the
19 interest on the bonds is excluded from gross income for federal
20 tax purposes under designated conditions, the Treasurer may
21 maintain separate accounts for the bond proceeds invested and for
22 the investment earnings on those proceeds, and may use or direct
23 the use of those proceeds or earnings to pay any rebate, penalty,
24 or other payment required under federal law or take any other
25 action with respect to the investment and use of those bond
26 proceeds, as may be required or desirable under federal law in
27 order to maintain the tax-exempt status of those bonds and to obtain
28 any other advantage under federal law on behalf of the funds of
29 this state.

30 79791. For the purposes of carrying out this division, the
31 Director of Finance may authorize the withdrawal from the General
32 Fund of an amount or amounts not to exceed the amount of the
33 unsold bonds that have been authorized by the committee to be
34 sold for the purpose of carrying out this division. Any amounts
35 withdrawn shall be deposited in the fund. Any money made
36 available under this section shall be returned to the General Fund,
37 with interest at the rate earned by the money in the Pooled Money
38 Investment Account, from proceeds received from the sale of bonds
39 for the purpose of carrying out this division.

1 79792. All money deposited in the fund that is derived from
2 premiums and accrued interest on bonds sold pursuant to this
3 division shall be reserved in the fund and shall be available for
4 transfer to the General Fund as a credit to expenditures for bond
5 interest.

6 79793. Pursuant to Chapter 4 (commencing with Section
7 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
8 the cost of bond issuance shall be paid out of the bond proceeds.
9 These costs shall be shared proportionately by each program funded
10 through this division.

11 79794. The bonds issued and sold pursuant to this division
12 may be refunded in accordance with Article 6 (commencing with
13 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
14 the Government Code, which is a part of the State General
15 Obligation Bond Law. Approval by the electors of the state for the
16 issuance of the bonds under this division shall include approval
17 of the issuance of any bonds issued to refund any bonds originally
18 issued under this division or any previously issued refunding bonds.

19 79795. The proceeds from the sale of bonds authorized by this
20 division are not “proceeds of taxes” as that term is used in Article
21 XIII B of the California Constitution, and the disbursement of these
22 proceeds is not subject to the limitations imposed by that article.

23 SEC. 2. (a) (1) Notwithstanding Section 9051 of the Elections
24 Code or any other provision of law, all state ballot pamphlets of
25 the election shall have printed thereon and in a square thereof, the
26 words:

27
28 “SAFE, CLEAN, RELIABLE DRINKING WATER SUPPLY
29 ACT OF 2009” and in the same square under those words:

30 “Safeguards supplies of safe, clean drinking water to California
31 homes, farms, and businesses. Expands conservation, cleans up
32 polluted wells, expands flood prevention and environmental
33 protection of water sources supplying the State Water Project.
34 Authorizes nine billion nine hundred eighty million dollars
35 (\$9,980,000,000) in general obligation bonds.”
36

37 (2) The language in paragraph (1) shall be the only language
38 included in the title and summary for Section 1 of this act adopted
39 by the Legislature at the 2009–10 Regular Session, and the

1 Attorney General shall not supplement, subtract from, or revise
2 that language.

3 (3) Notwithstanding any other provision of law, including
4 Sections 9050, 9051, 13247, 13262, and 13281 of the Elections
5 Code, the language in paragraph (1) that specifies the title and
6 summary shall also be the language included in the ballot label for
7 the condensed statement of the ballot title, and the Attorney
8 General shall not supplement, subtract from, or revise that
9 language, except that the Attorney General may include the fiscal
10 impact summary prepared pursuant to Section 9087 of the Elections
11 Code and Section 88003 of the Government Code. The ballot label
12 is the condensed statement of the ballot title and the financial
13 impact summary.

14 (b) Opposite the square, there shall be left spaces in which the
15 voters may place a cross in the manner required by law to indicate
16 whether they vote for or against the act.

17 (c) Where the voting in the election is done by means of voting
18 machines used pursuant to law in the manner that carries out the
19 intent of this section, the use of the voting machines and the
20 expression of the voters' choices by means thereof are in
21 compliance with this section.

22 SEC. 3. Section 1 of this act shall take effect only upon the
23 approval by the voters of the Safe, Clean, Reliable Drinking Water
24 Supply Act of 2009, as set forth in that section.

25 SEC. 4. Section 1 of this act shall be submitted to the voters
26 at the next statewide election in accordance with provisions of the
27 Government Code and the Elections Code governing the
28 submission of a statewide measure to the voters.

29 SEC. 5. This act is an urgency statute necessary for the
30 immediate preservation of the public peace, health, or safety within
31 the meaning of Article IV of the Constitution and shall go into
32 immediate effect. The facts constituting the necessity are:

33 In order to finance a critical water supply reliability and water
34 source protection program as soon as possible, it is necessary that
35 this act take effect immediately.